

Job Support Scheme (JSS) from 01 November 2020

On 24 September 2020 the chancellor announced a new scheme that will take effect from 01 November 2020. This scheme is in place of the Coronavirus Job Retention Scheme, also known as the furlough scheme, that will end on 31 October 2020. Yesterday, 22 October 2020, the Chancellor announced amendments to the Job Support Scheme which UK employers will be eligible to use from 01 November 2020.

The key changes are:

Employees will be required to work 20% of their contractual hours rather than 33% as originally stated

The employer will have to contribute 5% of hours unworked up to a cap of £125 per month, whereas previously it would have been 1/3 of hours unworked

The government will contribute 61.67% of hours not worked up to a cap of £1541.75 per month, previously it would have been 22% of unworked hours.

The JSS Policy paper was also published with further details on the scheme, which are set out below.

The scheme will run in two ways, JSS Open and JSS Closed. JSS Open is for those businesses that are not legally required to close to provide support where employees are not able to work their full contractual hours. JSS Closed is for those businesses that are legally required to close.

JSS Open

The employee will need to work a minimum of 20% of their usual hours and the employer will continue to pay them as normal for the hours worked. The employee will receive 66.67% of their normal pay for the hours not worked - this will be made up of contributions from the employer and from the government. The employer will pay 5% of salary for the hours not worked, up to a maximum of £125 per month, with the discretion to pay more than this if they wish. The government will pay the remainder of 61.67%, of salary for the hours not worked, up to a maximum of £1,541.75 per month. This will ensure employees continue to receive at least 73% of their normal wages, where they earn £3,125 a month or less.

E.g. Employee usually works 40 hours per week over 5 days, employee works 20% of their required hours, 8 hours. The employer will pay them for the 8 hours worked, plus 5% of the hours not worked, 5% of 32 hours will mean the employer is paying a further 1.6 hours. The government shall then pay 61.67% of the 32 hours meaning, the government will pay for 19.73 hours, therefore the employee shall receive pay for 29.33 hours of their usual 40 hours.

JSS Closed

Each employee who cannot work due to these restrictions will receive two thirds of their normal pay, paid by their employer and fully funded by the government, to a maximum of £2,083.33 per month, although their employer has discretion to pay more than this if they wish .

E.g. Employee usually works 40 hours per week, the government will provide the employer with 26.6 hours' worth of their usual salary up to a maximum of £2,083.33 per month.

The scheme

The Job Support Scheme will be open from 1 November 2020 and run for 6 months, until 30 April 2021. The government will review the terms of the scheme in January. Employers will be able to claim in arrears from 8 December 2020.

Eligibility

Employers will be able to access the Job Support Scheme if:

- they have enrolled for PAYE online
- they have a UK, Channel Island or Isle of Man bank account

Organisations that have staff costs that are fully publicly funded (even if they are not in the public sector), should use that money to continue paying their staff, and not use the Job Support Scheme.

Eligible employers will be able to claim the Job Support Scheme grant for employees who were on their PAYE payroll between 6 April 2019 and 23 September 2020. This means an RTI Full Payment Submission notifying payment of that employee must have been made to HMRC at some point from 6 April 2019 and 23 September 2020.

Employers can only claim for employees that were in their employment on 23 September 2020. If employees ceased employment after 23 of September 2020 and were subsequently rehired, then employers can claim for them.

Employees can be on any type of contract, including zero hours or temporary contracts. Employees will be able to undertake training voluntarily in non-working hours. Where time spent on training attracts a minimum wage entitlement in excess of the grant payment, employers will need to pay the additional wages.

In addition to the general Job Support Scheme eligibility criteria, employers are eligible to claim the JSS Open if:

- an employer with 250 or more employees on 23 September 2020 has undertaken a Financial Impact Test demonstrating their turnover has remained equal or fallen to show they have been adversely affected due to coronavirus;
- an employer with less than 250 employees on 23 September 2020 is not required to satisfy the test
- Employees who cannot work because of closed premises who can be claimed for under JSS Closed

Eligible employers will be able to claim the JSS Closed grant for employees:

- whose primary work place is at the premises that have been legally required to close as a direct result of coronavirus restrictions set by the government
- that the employer has instructed to and who cease work for a minimum period of at least 7 consecutive calendar days

Written Agreement

To be eligible for the grant, employers must have reached written agreement with their employee (or reached written collective agreement with a trade union). The agreement must be available for view by HMRC on request.

Restrictions

Employers cannot claim for an employee who has been made redundant or is serving a contractual or statutory notice period during the claim period.

The government expects that large employers (250 or more employees) using the scheme will not make capital distributions whilst claiming the Job Support Scheme grant. This includes:

- dividend
- charge
- free or other distribution
- any equivalent payment that a partnership may make to its partners

The Job Support Scheme grant will not cover National Insurance contributions (NICs) or pension contributions. These contributions remain payable by the employer.

Employers must deduct and pay to HMRC income tax and employee NICs on the full amount that is paid to the employee, including any amounts subsequently met by a scheme grant.

Employers must also pay to HMRC any employer NICs due on the full amount that that is paid to the employee, including any amounts subsequently met by a scheme grant.

Employers cannot enter into any commitment or transaction with the employee which would reduce wages below the amount claimed (for example a salary sacrifice scheme). This includes any administration charge, fees or other costs in connection with the employment, any agreed deductions that are not administration charges or fees can continue (pension etc).

How to claim

Employers will be able make their first claim from 8 December 2020 on GOV.UK. Employers will be able to claim from 8 December, covering salary for pay periods ending and paid in November.

HMRC will check claims and payments may be withheld if HMRC suspects a claim to be ineligible.

Interactions with other support schemes

Employers claiming the Job Support Scheme may still claim the Job Retention Bonus in respect of the same employee if they are eligible. Grants claimed under the Job Support Scheme can be used by employers to pay an employee's wages and help meet the Lower Earnings Limit of the Job Retention Bonus.

Further details on the scheme shall be released by the end of October, full Details released to date can be seen by going to: <https://www.gov.uk/government/publications/the-job-support-scheme/the-job-support-scheme>